GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:74
ANSWERED ON:09.07.2004
MISUSE OF EXPORT PROMOTION SCHEMES
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Will the Minister of FINANCE be pleased to state:

(a) the number of companies in Delhi who have cheated Government during the last two years by misusing Export Promotion Scheme, such as Duty Drawback, Duty Free Replenishment Certificate Scheme and Duty Exemption Pass Book Scheme;

(b) the total amount involved in these cheating cases;

(c) the number of persons arrested and the number of convictions in these cases; and

(d) the steps to check misuse of export promotion schemes in Delhi?

Answer

FINANACE MINISTER (SHRI P. CHIDAMBARAM)

(a), (b), (c) and (d): A Statement is placed on Table of the House.

ANSWER TO STARRED QUESTION NO 74 TO BE ANSWERED ON 9TH JULY, 2004

(a) 213 companies in Delhi have cheated the Government during the last 2 years by misusing export promotion schemes such as Duty Drawback Scheme. Duty Free Replenishment Certificate Scheme and Duty Entitlement Pass Book Scheme.

(b) An amount of Rs. 208.11 Cr. is involved in these cases.

(c) 56 persons have been arrested in these cases. These cases are still under trial and hence no one has been convicted so fair.

(d) The export promotion schemes have various in-built safeguards to prevent their misuse.

Some of these are as follows:

(i) Licenses issued under Advance Licensing Scheme are subject to actual user condition and are non-transferable.

(ii) Capital goods imported under Export Promotion Capital Goods Scheme are subject to actual user condition till fulfillment of export obligation.

(iii) A nexus is specified for duty fee import under Duty Free Replenishment Certificate Scheme.

(iv) Value caps are specified to prevent unintended benefits to unscrupulous importers and exporters in respect of Duty Entitlement Passbook Scheme whenever it has been brought to the notice of the Government that unscrupulous exporters are misusing this scheme by over-invoicing. Value caps have been specified in respeet of 360 entries till date.

Drawback Caps have been specified in . All Industry Rates of Drawback to prevent availment of higher drawback by over-invoicing. Present Market Value checks have also been provided for goods exported to sensitive destinations.

Further steps taken to combat such frauds are:

(i) Enhancing the effectiveness of intelligence-based checks by DGRI.

(ii) Special targeting of risk-prone commodities and exporters for critical examination of the goods/declarations.

(iii) Critical verification of market value of export goods.

(iv) Random and parameter-based selection for examination and scrutiny of export consignments being build into automated system of Customs clearance.